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FORM 10-Q

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

D 92-2814

For Quarter Ended: January 31, 1992

Commission File Number: 33-12613-NY

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**CELESTIAL VENTURES CORPORATION**
(Exact name of Registrant as specified in its charter)

| Nevada | 22-2814206 |
|---|---|
| (State or other jurisdiction of incorporation) | (IRS employer identification number) |

2455 East Sunrise Boulevard, Suite 905, Fort Lauderdale, Florida 33304
(Address, including zip code, of Registrant's principal executive offices)

(305) 564-6616
(Registrant's telephone number, including area code)

900 North Federal Highway, Suite 460, Boca Raton, Florida 33432
(Former name, address and fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class: Common
Outstanding at January 31, 1992: 188,660,000

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CELESTIAL VENTURES CORPORATION

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## CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

## CONDENSED CONSOLIDATED BALANCE SHEETS

| | JANUARY 31 1992 | OCTOBER 31 1991 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and Cash Equivalents | $ 25,015 | $ 43,572 |
| **Property & Plant Equipment** | | |
| Furniture and Fixtures | 6,069 | 6,069 |
| Less: Allowance for Depreciation | ( 3,195) | ( 2,891) |
| | $ 2,875 | $ 3,178 |
| **Other Assets** | | |
| Investment in Joint Venture | 201,875 | 201,875 |
| Organization Expense - Net | 65 | 87 |
| | 201,926 | 201,962 |
| **Total Assets** | $229,815 | $248,683 |
| **Liabilities and Stockholders' Equity** | | |
| **Current Liabilities** | | |
| Accounts Payable | | $ 892 |
| **Shareholders' equity** | | |
| Preferred stock - $.001 par value; authorized 500,000,000; issued and outstanding - 1,886,500 shares at January 31, 1991 and July 31, 1991 | 1,863 | 1,863 |
| Common stock - $.001 par value; authorized 500,000,000; issued and outstanding - 188,660,000 shares at April 30, 1991 and July 31, 1991 | 188,660 | 188,660 |
| Less: common stock discount below par value | (28,500) | (28,500) |
| Additional Paid in Capital | 764,977 | 764,977 |
| Accumulated Deficit | (697,185) | (679,209) |
| Total Stockholders' Equity | 229,815 | 247,731 |
| Total Liabilities & Shareholders' Equity | $229,815 | $248,683 |

See Accompanying Notes to Condensed Consolidated Financial Statement



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CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

| | For the Three Months Ended January 31, 1992 | 1991 |
|---|---|---|
| Income | $ - 0 - | $ - 0 - |
| Operating Expenses: | | |
| General & Administrative | 18,324 | 20,879 |
| Interest Income | 348 | 1,650 |
| Net Loss | $( 17,976) | $( 19,229) |
| Net (Loss) Per Share | ( NIL ) | ( NIL ) |

See Accompanying Notes to Condensed Consolidated Financial Statements

CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY

FROM OCTOBER 31, 1991 THROUGH JANUARY 31, 1992

| | Preferred Stock | Common Stock | Common Stock Discount | Additional Paid-In Capital | Accumulated Deficit |
|---|---|---|---|---|---|
| Balance - 10/31/91 | $ 1,863 | $188,660 | $(28,500) | $764,977 | $(679,209) |
| Net Loss Three Months Ended 1/31/92 | - | - | - | - | ( 17,976) |
| Balance - 1/31/92 | 1,863 | 188,660 | (28,500) | 764,977 | (697,185) |

See Accompanying Notes to Condensed Consolidated Financial Statement

CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED JANUARY 31, 1992

| | |
|---|---|
| Cash Flows From Operating Activities: | |
| Net Loss | $ (17,976) |
| Depreciation and Amortization | 311 |
| Increase in Accounts Payable | (892) |
| Net (Decrease) in Cash and Cash Equivalents | (18,557) |
| Cash - October 31,1991 | 43,572 |
| Cash - January 31, 1992 | $ 25,015 |

See Accompanying Notes to Condensed Consolidated Financial Statements

CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Business

Celestial Ventures Corporation was organized under the laws of the state of Nevada on January 28, 1987. The Company was in its developmental stage until May 29, 1989. (See Note 4).

B. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opionion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended January 31, 1992, are not necessarily indicative of the results that may be expected for the year ended October 31, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended October 31, 1991.

NOTE 2 - CAPITALIZATION

(1) Celestial Ventures Corporation was incorporated with and authorized to issue 200,000,000 shares of $.001 par value comcom stock. On February 17, 1987, 30,000,000 shares were issued at $.00005 per share for a total consideration of $1,500. These shares were issued to four diffrent individuals. These 30,000,000 shares, even though issued below par, are fully paid and non-assessable.

According to counsel for the Corporation, the laws of the State of Nevada provide for a discount on original issued capital stock whether or not that stock carries a par value so long as the action is ratified by the Board of Directors and is otherwise in compliance with applicable law. He cites NRS Section 78.195 (1) and (7), NRS Sections 78.207 and 78.215. In addition, he states that such discounts do not make the stock assesable and cites NRS Section 78.225.

NOTE 2 - CAPITALIZATION (CONTINUED)

(2) On February 17, 1987, the Board of Directors authorized the public sale of 4,000,000 units at $.05 per unit. Each unit consists of one common share, par value $.001, and one detachable common stock warrant. Each warrant entitles the holder to purchase one share of common stock at the price of $.20 per share for a three year period commencing with the effective date of the public offering, May 7, 1987. The warrants are callable on a thirty day notice at a call price of $.0001 per warrant.

(3) On October 22, 1987, the Company closed on its public offering of 4,000,000 units of its securities, each unit comprised of one share and one redeemable warrant. On November 9, 1987, the holders of a majority fo the Company's authorized common stock and authorized preferred stock to 500,000,000 shares, respectively, and to effect a five for one stock split. As a result, each shareholder received five shares of common stock for each share previously held and each redeemable warrant now entitles the shareholder to purchase five shares at $.04 per share.

(4) On August 30, 1988, the Company's Board of Directors declared a preferred stock dividend payable to common stockholders of record as of October 7, 1988 at a rate of one share of preferred stock for every 100 shares of Common Stock outstanding, resulting in 1,863,167 shares of preferred stock issued. The preferred stockholders are entitled to dividends on a non-cumulative, annual basis at the rate of $.0005 per share. The preferred stock is convertible into equal numbers of shares of Common Stock at the option of the shareholder, in the event that the Company has failed to declare a dividend during any consecutive 24 month period commencing after January 1, 1989.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Officer's Remuneration - Since inception, the Company has paid salary to its president at a rate of $500 per week, commencing January 1, 1988. In the event the Company is successful in acquiring businesses that generate operating revenues, such revenues would be available to pay salaries to Company officers. Determinations as to compensation will be made by the Company's Board of Directors.

NOTE 4 - INVESTMENT IN JOINT VENTURE

On May 29, 1989, the Company, through its wholly owned subsidiary, Celestial Realty Group, Inc. entered into a Joint Venture Agreement with Mystic Pines, Inc. for the purpose of developing and building single family homes. The Company

NOTE 4 - INVESTMENT IN JOINT VENTURE (CONTINUED)

contributed $525,000 for a 35 percent interest in the venture. In accordance with the joint venture agreement, contracts may be entered into with third parties for the purpose of borrowing funds for the acquisition of property and construction costs only upon approval of both joint ventures and that such loans are on a non-recourse basis to both parties. Profit and lossess will be allocated in relation to capital balances of respective joint ventures. The joint venture agreement will terminate upon agreement of the joint ventures, or no later than December 31, 1999.

NOTE 5 - INCOME TAXES

The Company incurred net operating losses which can be carried forward to offset future net income for up to fifteen years as follows:

| Date Incurred | Net Operating Loss Deduction | Year of Expiration |
|---|---|---|
| 10/31/88 | $ 102,962 | 2003 |
| 10/31/89 | 72,245 | 2004 |
| 10/31/90 | 84,607 | 2005 |

NOTE 6 - LITIGATION

In 1990 the Company and Mystic Pines (a Florida joint venture) initiated a suit against B F Properties and Reserve Estates (the reserve partnership) and other related parties and affiliates. The primary contention in this suit is that the defendants breached its marketing obligations under the purchase agreement for the land acquired for the joint venture. Additionally, alleged fraud was committed in that certain misrepresentations regarding the planning and development of the property which were material inducements to enter into the purchase agreement. In the opinion of the Company's outside legal counsel, it appears that there is a good possibility that the plaintiffs will prevail on the merits with respect to at least some of its claims. The extent of the recovery cannot be ascertained at this time. A loss provision of $250,000 has been reflected on the financial statements to provide for any possible adverse resolution to this litigation.

NOTE 7 - RELATED PARTIES

An officer of the Company has received professional fees for legal services rendered of approximately $4,000 for 1990 and 1989 respectively. Additionally, various employee benefits have been paid.

An officer and stockholder of the Company has received compensation of $30,006 and $34,332 for 1990 and 1989 respectively. Additionally, various employee benefits have been paid.

**Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations**

**Financial Condition**

Celestial Ventures Corporation, located in Fort Lauderdale, Florida continues to seek the acquisition of existing businesses, divisions of businesses or the assets of businesses that Management identifies as having the significant potential for success. As of October 31, 1991, the Company's financial condition is indicative of a virtually inactive company.

As of October 31, 1991 the Company maintained a balance of $43,572 in cash and cash equivalents as compared to $110,866 as of October 31, 1990 which represents a decrease of $67,294. This is a result of the Company expending $67,294 in connection with general administrative expenses as well as expenses required to keep the Company current in its reporting obligations.

**Results of Operation**

To date, the Company's only activity has been its involvement as a joint venture partner in Mystic Pines, a Florida joint venture. Mystic Pines was engaged in the development of 49 single family homes in the "Reserve". (See "Item 1") However, due to the failure of Mystic Pines' joint venture partner, B.F. Properties, Ltd. to implement and conduct a marketing program which it had agreed to do pursuant to an agreement, the Company along with its partners filed a lawsuit on June 13, 1990. (See "Item 3")

The lawsuit is being vigorously pursued and a settlement proposal has been submitted as of the date of this Report. The extent of recovery, if any, is speculative at this stage. The Company has however been advised that there is a fairly good possibility of recovering a substantial amount of its investment in the joint venture project and a more remote possibility of recovery for damages incurred including but not limited to land purchase costs, financing costs, development costs, lost revenues, profits, and potentially punitive damages.

The Company will continue to seek viable business opportunities in the coming year and will place special emphasis on acquiring a business which has the potential of producing an immediate cash flow to the Company.

Interest income decreased during fiscal 1991 from $27,441 to $4,362. General and administrative expenses decreased by $38,292 during the year ended October 31, 1991.

The Company continues to seek viable business opportunities in the coming year and will place special emphasis on acquiring a business which has the potential of producing an immediate cash flow to the Company.

## PART II -- OTHER INFORMATION

**Item 1. Legal Proceedings**

Although there are no material legal proceedings pending against the Company, as of the date of this Report, Celestial Realty Group, Inc., the Company's wholly owned subsidiary remains involved in a lawsuit which was filed by Mystic Pines, a Florida joint venture on June 13, 1990. The amended complaint filed by Mystic Pines seeks the following relief.

(1) Rescission of the purchase agreement;
(2) A declaration whereby Mystic Pines has satisfied or has been excused from its obligations under the purchase agreement as a result of certain breaches of the purchase agreement;
(3) The imposition of an equitable lien against the Reserve Partnership Property for unjust enrichment at the expense of Mystic Pines;
(4) Fraud against the Reserve Partnership and other for misrepresentations made in connection with the planning and development of the Reserve which were material inducements to Mystic Pines entering into the purchase agreement;
(5) Breach of fiduciary relationship by the Reserve Partnership for failure to market and develop the Reserve as promised; and
(6) Breach of Contract for failure of B.F. Properties to perform obligations as contracted.

**Progress of the Case**

As of the date of this Report, a few key depositions remain to be taken. Court imposed mediation is scheduled for March. In the event the parties are unable to reach a comprehensive settlement, the cause shall likely go to trial this summer.

Mystic Pines is vigorously pursuing the prosecution of this case. Mystic Pines' settlement proposal shall also be further explored at mediation. Should a settlement not be reached, it appears that there is a good possibility that Mystic Pines will prevail on the merits of at least some of its claims, however, the extent of such recovery most difficult to speculate at this time. The facts in the lawsuit established to date would seem to evidence a definitive breach by B.F. Properties of its obligations to Mystic Pines under the Purchase Agreement. Further, the promised events, i.e., new clubhouse, golf course, operating a first class marketing program, have not evolved, and as such, the potential for prevailing on the fraud count is reasonably good as well.

In the event Mystic Pines does prevail, the lower limit return would likely be $450,000 which represents the purchase price of the property. The upper limit would compensate Mystic Pines for all damages incurred including land purchase costs, financing costs, development costs, lost revenues, profits, development and financing expenses and potentially punitive damages. Included in this upper limit would be the imposition of an equitable lien on the Reserve partnership property to insure collectibility of the judgment.

**Item 6. Exhibits and Reports on Form 8-K**

(a) Exhibits required by Item 601 of Regulation S-K.

None.

(b) No reports on Form 8-K were filed by the Company for the quarter ending January 31, 1992 up to the date of this report.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CELESTIAL VENTURES CORPORATION**
(Registrant)

Dated: March 16, 1992

Celestial Ventures Corporation

By: Richard P. Greene
Richard P. Greene, President